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Report of the Trade and Development Board on its fiftieth executive session*

Geneva, 8 July 2010

* The present document is an advance version of the report of the Trade and Development Board on its fiftieth executive session, held at the United Nations Office at Geneva on 8 July 2010. It will appear in final form, together with the reports of the forty-eighth session, the forty-ninth executive session and the fifty-seventh session of the Board, as *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 15* (A/65/15).

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I. Opening of the session

1. The session was opened by Mr. Jean Feyder (Luxembourg), President of the Trade and Development Board.

II. Adoption of the agenda and organization of work
(Agenda item 1)

2. At its plenary meeting, the Board adopted the provisional agenda contained in document TD/B/EX(50)/1, with an amendment to agenda item 2. It was agreed that item 2 of the provisional agenda, as well as references in future agendas and reports, should reflect the concept of activities undertaken "in support of Africa" rather than "in favour of Africa". Accordingly, the agenda for the executive session was as follows:

1. Adoption of the agenda and organization of work
2. Activities undertaken by UNCTAD in support of Africa
3. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
   (a) Report of the Trade and Development Commission on its second session, and agenda for its third session
   (b) Report of the Investment, Enterprise and Development Commission on its second session, and agenda for its third session
   (c) Topics for upcoming single-year/multi-year expert meetings
   (d) Report of the Working Party
4. Other business
5. Report of the Board on its fiftieth executive session

III. Chair's summary

A. Activities undertaken by UNCTAD in support of Africa
(Agenda item 2)

3. The secretariat presented an overview of the activities undertaken by UNCTAD in support of Africa in 2009, as described in document TD/B/EX(50)/2. Appreciation for UNCTAD's work and for its contribution to economic development in Africa was expressed in the statements that followed.

4. Statements were made by Mr. Hisham Badr (Egypt) on behalf of the African Group, Mr. Rodolfo Reyes Rodríguez (Cuba) on behalf of the Group of 77 and China, Mr. Khondker Talha (Bangladesh) on behalf of the Asian Group, Mr. Andrés Lamoliatte (Chile) on behalf of the Group of Latin American and Caribbean States (GRULAC), Mr. Marc Thunus (Belgium) on behalf of the European Union, Mr. Federico González (Paraguay) on behalf of the Group of Landlocked Developing Countries, Mr. Ravi Bhattarai (Nepal) on behalf of the Least Developed Countries Group, Mr. Babacar Carlos Mbaye (Senegal), Mr. Nacim Gaouaoui

(Algeria), Mr. Otto Hans van Maerssen (United States of America), Ms. Wang Jingli (China), Mr. Sihasak Phuangketkeow (Thailand) and Mr. Darius Kurek (Switzerland).

1. Impact of UNCTAD's activities

5. Many participants welcomed the changes made to the report on UNCTAD's activities in support of Africa, but requested that the report become even more analytical in the future. In particular, they suggested that more information should be provided on the impact and effectiveness of UNCTAD's activities in Africa. It was noted that information on the effectiveness of UNCTAD's activities was especially pertinent, as the development partners financing these activities were facing budget restrictions. In that regard, there was a need to complement the report with feedback from the beneficiaries of activities, in order to better assess effectiveness. Participants also called for quantifiable indicators of performance.

6. Some participants noted a lack of clarity in some sections of the report. In particular, it was observed that it was difficult to separate the activities that had taken place during the period under review from those undertaken in other years. It was also noted that some of the headings were poorly related to the subject matter that was dealt with under them. Participants asked for a summary table of activities which would include information such as beneficiary region or country, cost, and state of implementation.

7. A suggestion was made for the upcoming audit on UNCTAD's technical assistance to the least developed countries (LDCs), landlocked developing countries, small island developing States and other structurally weak and vulnerable economies to also shed some light on the impact of UNCTAD's activities for Africa, and for UNCTAD to earmark adequate resources — both human and financial — for activities for the benefit of Africa.

2. Priority areas

8. Many participants stressed the importance of remittances as a resource for development in Africa that could complement official development assistance (ODA). Accordingly, they called on UNCTAD to continue its analytical work on that topic. They also acknowledged UNCTAD's work in other development finance areas, such as public revenue and capital flight.

9. Several participants underscored the importance of policy space for African countries, notably in the aftermath of the crisis, to enable them to pursue their nationally owned development strategies. UNCTAD's work on this topic was therefore welcomed by many participants. One participant, however, disagreed with UNCTAD's analysis on the issue.

10. Several participants emphasized the importance of economic diversification and the development of productive capacities, in order for African countries to develop and better participate in the global economy. UNCTAD's work in this area was acknowledged.

11. Some participants stressed the importance of technology transfer in order to enhance economic growth and development in Africa. UNCTAD was encouraged to carry out activities on technology transfer in line with the Accra Accord.

12. Climate change, food security, intellectual property rights, and information and communications technologies (ICTs) were also identified as areas that needed attention in UNCTAD's research and policy analysis work in support of Africa's development.

13. Another speaker highlighted the importance of striving for food self-sufficiency, stressed the need to extend the mandate of central banks to serve the needs of development rather than just to contain inflation, and advocated the formulation of rules to protect LDC products and to promote the industrial transformation of LDCs.

14. Many participants commended UNCTAD's work in assisting developing countries' efforts to accede to the World Trade Organization (WTO) and called for continued efforts in this area. It was confirmed that WTO's subcommittee on the LDCs was working actively and with intensified efforts to speed up WTO accession for LDCs.

15. Some participants also requested that special attention should be paid to the specific needs of landlocked developing countries.

3. Organizational issues

16. In the interventions that followed the presentation of the report, participants highlighted two issues: (a) filling the vacant post of Director of the Division for Africa, Least Developed Countries and Special Programmes (ALDC); and (b) the need for more resources for the ALDC division as well as for UNCTAD. With regard to the former, some participants emphasized the urgent need for the appointment of a divisional director, and asked the secretariat for an update on the process of filling the post. In response, the secretariat stated that candidates had been screened and interviewed and that the administrative procedures were in their final stage.

17. On the issue of resources, participants acknowledged the contributions of ALDC, and more generally of UNCTAD, in support of Africa. However, some participants also expressed the need for the division and the organization as a whole to be strengthened, and made an appeal for an increase in resources, with one delegate calling for more resources to be earmarked for UNCTAD.

18. The Board took note of the document prepared by the secretariat entitled "Activities undertaken by UNCTAD in favour of Africa" (TD/B/EX(50)/2 and Corr.1).

B. Panel discussion: the financial crisis, macroeconomic policy and the challenge of development in Africa

(Agenda item 2)

19. A panel discussion was held from 3 p.m. to 6 p.m. on 8 July 2010 under agenda item 2. The panel consisted of Ms. Linah Mohohlo, Governor, Bank of Botswana, Gaboron; Mr. Olu Ajakaiye, Director of Research, African Economic Research Consortium, Nairobi; and Mr. Akpan Ekpo, Director-General, West African Institute for Financial and Economic Management, Lagos, Nigeria. Mr. Supachai Panitchpakdi, Secretary-General of UNCTAD, made opening remarks at the session.

20. The key questions addressed by the panel included:

(a) What are the lessons for Africa from the global financial and economic crisis?

(b) How can African countries make more effective use of macroeconomic policies for development?

(c) What is the role of the State in Africa's economic development? What should the focus of Africa's agricultural and industrial policies be in the post-crisis period?

(d) How should African countries prepare themselves for post-crisis recovery, and how can development partners and the international community contribute to this effort?

21. The following issues were raised during the interactive debate following the panellists' presentations.

1. Africa's recent economic performance

22. Prior to the onset of the global financial crisis, African countries were making significant progress in economic performance, with an annual average growth rate of about 6 per cent over the period 2002-2007. In addition, significant reductions in inflation were observed in some countries. These gains were largely due to better economic management, improvements in commodity prices, and an increase in export demand. However, it was noted that the global financial crisis was slowly reversing those gains in economic performance. The crisis was estimated to have reduced Africa's growth rate in 2009 by about 4 percentage points, relative to the historical average over the period 2002-2007.

23. Although Africa had made gains in economic performance in recent years, the foundations for economic development in the region were still fragile. The gains in growth observed in the region prior to the crisis had not led to any noticeable change in the structure of African economies. The region was still dependent on commodities. There was a need to strengthen efforts to diversify African economies in order to lay the foundations for sustained growth. There was also a need for more inclusive growth. In particular, women and young people should be more integrated into the growth process.

2. Responses to the crisis

24. Unlike in the past, many African countries had responded appropriately to the current crisis, using countercyclical monetary, financial and, in some cases, fiscal policy. This quick and appropriate policy response had dampened the negative effect of the crisis on Africa. Countries that had had low inflation, high foreign exchange reserves, and fiscal surpluses at the onset of the crisis had more room to conduct countercyclical policies in response to the crisis.

25. *African regional organizations* had also helped Africa to weather the global slowdown, by providing liquidity and by setting up a committee to monitor the impact of the crisis and offer recommendations. International financial institutions such as the World Bank and the International Monetary Fund had played a positive role in Africa's response to the crisis through increased financial support and quicker and more flexible loan disbursements.

3. Role of the State

26. One of the lessons of the current crisis was the need for governments to strike a proper balance between the role of the State and the role of markets. While the market mechanism had an important role to play in any economy, there was a need for regulation of markets by governments to ensure that they functioned in ways that yielded socially desirable outcomes. In order for the State to exercise this function effectively, it must have adequate and capable institutions as well as policy space. It should also be guided by and adhere to the principles of good governance.

27. Financial and economic crises were features of market economies, and these crises were becoming more frequent, so African countries should be prepared to deal with them as they occurred. Governments could build resilience to financial crises and other shocks by saving more commodity revenue during boom periods, and also by diversifying their economies. Strengthening efforts to boost domestic resource mobilization would also enhance governments' capacities to deal with future crises.

28. In performing its functions, the State should also create room for the private sector to operate. It should not take actions that stifle private sector activity.

4. Reviving post-crisis growth

29. One of the challenges facing African countries as they entered the recovery phase of the crisis was how to achieve and surpass pre-crisis growth rates. Diversification of economies was needed for high and sustained economic growth in the region. However, diversification of African economies would not take place without significant efforts by the State to design and implement an effective industrial policy. In that regard, there was a need for more investments in infrastructure and higher education. There was also a need to improve access to finance in both urban and rural areas.

30. Regional cooperation was critical to building regional markets, boosting growth in African economies, and increasing the region's integration into the global economy. Africa's regional integration processes needed to be fast-tracked. It was stated, however, that in doing so, countries should have the freedom to join integration processes as and when they are ready. The Heads of State and Government of the African Union had approved the setting up of an African central bank, an African investment bank and an African monetary fund. It was stated that these institutions could play an important role in boosting regional integration and responding to future shocks. African governments should speed up the process of establishing them.

31. It was stated that African countries should reintroduce economic planning in their policymaking processes, in order to ensure coherence. In addition, there was a need for African governments to develop a strategic vision of what they wanted to accomplish in the medium to long term. Most countries had lost the capacity to plan, therefore support for capacity development was needed. Efforts should also be made to promote data collection and analysis as critical elements in the planning process.

5. Partnerships

32. African countries needed more effective partnerships to weather the global slowdown, build resilience to shocks, and achieve high and sustained growth. Development partners should meet the financial commitments made to Africa. In the

area of trade, they should assist the region in developing trade capacity before they were required to adopt comprehensive trade reforms. There was also the need for good governance at the international level. In particular, African countries needed more voice and representation in the evolving new international architecture. They should also be protected from litigation by vulture funds.

33. Although African countries preferred to receive unilateral preferences in trade agreements with developed countries, it should be noted that those preferences could have a negative effect on foreign investment through increased uncertainty due to the fact that it was often not clear how long the preferences would last.

C. Matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies

1. Report of the Trade and Development Commission on its second session, and agenda for its third session

(Agenda item 3 (a))

34. The Board took note of the Report of the Trade and Development Commission on its second session (TD/B/C.I/13) and endorsed the agreed conclusions contained therein.

35. The Board approved the topics for consideration by the Trade and Development Commission in 2011, and requested the secretariat to add to the agenda with the usual items. The provisional agenda of the session was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Reports of expert meetings:
   - (a) Reports of the multi-year expert meetings (titles to be added)
   - (b) Report of the Intergovernmental Group of Experts on Competition Law and Policy
   - (c) Reports of the single-year expert meetings (titles to be added)
4. Assessing the evolution of the international trading system and enhancing its contribution to development and economic recovery
5. Integration of developing countries in global supply chains, including through adding value to their exports
6. Promoting and strengthening synergies among the three pillars
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board

2. Report of the Investment, Enterprise and Development Commission on its second session, and agenda for its third session

(Agenda item 3 (b))

36. The Board took note of the Report of the Investment, Enterprise and Development Commission on its second session (TD/B/C.II/10) and endorsed the agreed conclusions contained therein.

37. The Board approved the topics for consideration by the Investment, Enterprise and Development Commission in 2011, and requested the secretariat to add to the agenda with the usual items. The provisional agenda of the session was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Reports of expert meetings:
   (a) Reports of the multi-year expert meetings (titles to be added)
   (b) Report of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting
   (c) Reports of the single-year expert meetings (titles to be added)
4. Promoting investment for development: best practices in strengthening investment in basic infrastructure in developing countries
5. Enhancing productive capacities for development, including through strengthened entrepreneurship policies and improved science and innovation policies
6. Promoting and strengthening synergies among the three pillars
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board

3. Topics for upcoming single-year/multi-year expert meetings

(Agenda item 3 (c))

38. The Board approved the following topic for a single-year expert meeting to be held in 2011 and to report to the Trade and Development Commission:

– Maximizing the development impact of remittances

39. The Board approved the following topic for a single-year expert meeting to be held in 2011 and to report to the Investment, Enterprise and Development Commission:

– The contribution of foreign direct investment to the transfer and diffusion of technology and know-how for sustainable development in developing countries, especially least developed countries

40. The Board approved the following topics for the Multi-year Expert Meeting on International Cooperation: South-South Cooperation and Regional Integration:

(a) Promoting South-South cooperation to build productive capacities, including in the agricultural sector, in developing countries and transition economies

(b) Trade financing and the role of regional financial institutions in promoting South-South trade and investment

4. Report of the Working Party

(Agenda item 3 (d))

41. The Board took note of the Report of the Working Party on the Strategic Framework and the Programme Budget on its fifty-fifth session (TD/B/WP/220) and endorsed the agreed conclusions contained therein.

Progress report on the implementation of recommendations from the independent external evaluation of UNCTAD's commodities programme

42. The secretariat presented the progress report on the implementation of recommendations from the independent external evaluation of UNCTAD's commodities programme, as described in document TD/B/EX(50)/4.

43. Several participants reaffirmed the importance of UNCTAD's work on commodities. In particular, UNCTAD's work in facilitating the International Cocoa Agreement 2010 was praised, and it was noted that the organization should strive to maintain its tradition of engagement with commodities negotiations. It was, however, noted that there was a need for improved follow-up on technical cooperation and other advisory services provided by UNCTAD to enable countries to fully benefit from them. Regulation in the cotton sector was highlighted as one area in which UNCTAD's expertise, especially regarding competition policy, could benefit developing countries.

44. Several participants noted with concern that the process of appointing a Head of the Special Unit on Commodities was still not concluded after more than a year. The importance of concluding the process rapidly was highlighted in the context of the ongoing restructuring of the Unit. The secretariat responded that the issue of appointing a Head of the Special Unit on Commodities would soon be resolved; interviews had been completed and they were currently being processed. Other vacant posts in the Unit had been advertised, and they would be filled expeditiously to complement the staff strength in the Commodity Research and Analysis Section.

45. The Board took note of the report of the secretariat on UNCTAD's commodities programme, asked the Working Party to proceed to a detailed consideration of that report, and asked the UNCTAD Secretary-General to make every effort so that the Head of the Unit could be recruited and the other vacant posts in the group filled as early as possible.

IV. Other business

(Agenda item 4)

Participation by civil society organizations

46. The Board decided that for 2010, the UNCTAD Public Symposium held in May would take the place of the Conference's annual hearing with civil society organizations. The Board further decided that the civil society organizations accredited to the Board's 2008 and 2009 hearings with civil society organizations would be able to participate in the public meetings of the Board in September 2010.

V. Report of the Board on its fiftieth executive session

(Agenda item 5)

47. The Trade and Development Board authorized the Rapporteur to finalize the report of its fiftieth executive session.

Annex

Attendance[a]

1. Representatives of the following States members of the Trade and Development Board attended the session:

Algeria
Angola
Austria
Bahrain
Bangladesh
Belarus
Belgium
Benin
Botswana
Brazil
Burundi
Cambodia
Canada
Chad
Chile
China
Côte d'Ivoire
Cuba
Cyprus
Czech Republic
Dominican Republic
Ecuador
Egypt
Ethiopia
Finland
France
Germany
Ghana
Greece
Guatemala
Holy See
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Israel
Italy
Japan
Kenya
Kyrgyzstan
Lesotho
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Mali
Mexico
Morocco
Namibia
Nepal
Oman
Paraguay
Peru
Philippines
Portugal
Romania
Russian Federation
Saudi Arabia
Senegal
Singapore
South Africa
Spain
Sudan
Swaziland
Switzerland
Thailand
The former Yugoslav Republic of Macedonia
Togo
Turkey
United States of America
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam
Zimbabwe

[a] For the list of participants, see TD/B/EX(50)/Inf.1.

2. The following observer attended the session:

Palestine

3. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific (ACP) Group of States

African Union

Agency for International Trade Information and Cooperation

European Union

International Organization of la Francophonie

4. The following United Nations organizations were represented at the session:

Economic Commission for Europe

International Trade Centre UNCTAD/WTO

5. The following specialized agencies and related organizations were represented at the session:

Food and Agriculture Organization of the United Nations

United Nations Industrial Development Organization

World Intellectual Property Organization

World Trade Organization

6. The following non-governmental organizations were represented at the session:

General category

Ingénieurs du monde

IQsensato

World Association of Former United Nations Interns and Fellows

Special category

Centre du commerce international pour le développement

7. The following panellists participated in the session:

Ms. Linah Mohohlo, Governor, Bank of Botswana

Mr. Akpan Ekpo, Director-General, West African Institute for Financial and Economic Management, Lagos, Nigeria

Mr. Olu Ajakaiye, Director of Research, African Economic Research Consortium, Nairobi